

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

**UNITED STATES OF AMERICA,**

**CRIMINAL NO. 17-20527**

**v.**

**HON. MARK A. GOLDSMITH**

**LORENA LOREN,**

**Defendant.**

\_\_\_\_\_ /

**SENTENCING MEMORANDUM OF THE UNITED STATES  
AS TO DEFENDANT LORENA LOREN**

The United States of America, by and through its attorneys, Matthew Schneider, United States Attorney for the Eastern District of Michigan, and Dawn N. Ison, Assistant United States Attorney, respectfully submits this Sentencing Memorandum regarding Lorena Loren, who is scheduled to be sentenced on January 23, 2018. For the reasons stated, the government recommends a term of imprisonment of 35 months.

**I. INTRODUCTION**

For nearly eight years, Lorena Loren paid her son's rent at a Bay City apartment with Section 8 housing assistance funds provided by the U. S. Department of Housing and Urban Development ("HUD") to the St. Clair Housing Commission and intended for the poor, elderly and the disabled, while her son attended college

in Saginaw, Michigan. And Loren continued to use Section 8 funds to pay for her son's housing even after he moved to Florida with his wife to continue his education in chiropractic medicine, and later when he moved to Georgia. Loren would expand her fraud involving the Section 8 housing program to include other federal funds intended for the poor through her fraudulent use of the Commission's credit cards which she regularly used as her own. With the Commission's credit cards, she brazenly purchased personal items for herself and her family that ranged from basic necessities such as groceries and infant clothing, to indulgences such as: Queen Size Bedroom Set with a French Style Sleigh Platform Bed; a sofa; a kids' storage cabinet; Cupcake Cone Backing Rack; infant clothing; groceries; a vibrator and a collection of romance novels. In addition, Loren helped herself to the Commission's petty cash fund from which Loren would line her pockets regularly.

Loren's greed and fraudulent behavior was carried out at the expense of those she was entrusted to help - the poor, elderly and disabled. By the time her deceitfulness was fully uncovered, Loren had stolen over \$330, 000.00 in HUD funds, depriving otherwise eligible participants of the funds from an already overburdened program.

## **II. BACKGROUND**

The United States Department of Housing and Urban Development ("HUD") has several public housing programs to assist low-income families, the elderly and

the disabled. Public housing agencies are entrusted with the administration and management of HUD's local housing programs and the operation and maintenance of its local public housing complexes. The federal housing programs affected by the fraud in this case include HUD's Section 8 Housing Choice Voucher Program ("Section 8 Program") and the federal operating funds provided to the local public housing agency.

The Section 8 Program is "the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market."

[https://www.hud.gov/topics/housing\\_choice\\_voucher\\_program\\_section\\_8](https://www.hud.gov/topics/housing_choice_voucher_program_section_8). The rental subsidies are paid to the landlord directly by the public housing agency on behalf of the participant, and the participant is responsible for the remaining balance of the rent, if any. The local public housing agency receives a budget to administer the Section 8 Program. Once the budget has been exhausted, the public housing agency will place eligible prospective participants on a waiting list that is opened and closed periodically.

HUD also provides local housing agencies with an operating fund "to assist in funding the operating and maintenance expenses" of their own public housing complexes. "These subsidies are required to help maintain services and provide minimum operating budget reserves."

[https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/programs](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/programs)  
[ms.](#)

St. Clair Housing Commission (“Commission”) is a public housing agency located in St. Clair, Michigan. It is almost entirely funded by HUD to maintain and operate its public housing complex, Palmer Park Manor, and to administer its Section 8 Program. At all times relevant to this case, between 2008 through 2016, the Commission received benefits in excess of \$10,000 in federal assistance.

Defendant Lorena Loren served as the Commission’s Executive Director from October 2003 through August 2016. Her duties included the supervision and administration of the day-to-day operations of the Commission and its employees and the administration of the Commission’s housing programs, which included ensuring compliance with HUD requirements and other federal regulations and laws.

Rather than carry out the responsibilities entrusted to her, Loren would breach her fiduciary duty and swindle hundreds of thousands of dollars specifically earmarked to help disadvantaged citizens find suitable housing and live in safe, well-maintained public housing facilities. Abuse of public trust, overwhelming greed and self-interest brings Loren before this Court. And as Mahatma Gandhi

once stated, “There is sufficiency in the world for man’s need but not for man’s greed.”

### **III. ARGUMENT**

#### **A. The Nature and Circumstances of Loren’s Crime (18 U.S.C. § 3553(a)(1))**

From August 2008 through August 2016, Loren violated her fiduciary duty to administer housing assistance funds provided by HUD intended for the poor. Beginning in 2008, Loren embarked on nearly a decade of fraud on the Commission’s Section 8 Program to enrich herself and her immediate family, that would seemingly become more brazen and calculated as her fraud progressed. Loren’s greed, opportunism and deliberate and calculating collusion with nearly every member of her immediate family is fully demonstrated in the various schemes she devised to steal money intended for the needy, as further described below.

#### **1. Section 8 Program Fraud**

Loren was quite familiar with the responsibilities of her position, particularly, the Section 8 Program regulations, and was both aware of the requirements for eligibility under the program, as well as how to manipulate the program - at least on paper. She had served as a Section 8 Specialist with the Port Huron Housing Commission for 18 years before she became executive director at

the St. Clair Housing Commission in 2003. (PSIR ¶ 72) Approximately five years after her appointment at St. Clair, Loren would apparently use her experience to exploit her first *easy* target: the Section 8 Program. She would do so by unscrupulously violating the most basic and clearly stated rule of all, the rule that prohibited Loren or any of her immediate family members from benefitting directly or indirectly from a Section 8 Housing Assistance Program (“HAP”) contract.

But when Loren’s son Ryan Loren decided to attend college in Saginaw, Michigan, Loren decided that she would provide the funds for his rent in a location close to the school for his convenience, and she would use the Commission’s funds to do so. Therefore, in August of 2008, Loren, her husband Brian, Ryan and DF, Ryan’s then-girlfriend travelled to Bay City to look at an apartment that Loren found for Ryan. Ryan and DF executed the lease agreement in the presence of the landlord, only for Loren to later remove Ryan’s name from the lease on file at the Commission to conceal Ryan’s occupancy. And correspondingly, Loren only listed DF as the tenant on the HAP contract for the Bay City apartment. Loren would subsequently issue monthly rental subsidies covering the entire amount of the rent to the owner of the Bay City apartment from August 2008 through December 2010 on behalf of the purported Section 8 Program tenancy of DF. Even after DF had vacated the apartment in early 2010, Ryan continued to reside at

the Bay City Apartment. Notwithstanding, Loren continued to issue Section 8 Program rental subsidies for the entire amount of the rent to the landlord at the Bay City Apartment for her son's tenancy there.

Once renewal of the HAP contract was imminent, in December 2010, Loren falsified documents and forged signatures, including DF's signature, in order to convert the lease and HAP contract at the Bay City apartment into Ryan's new girlfriend's name, Kayla Pace, who would later become Ryan's wife. With that, Loren issued rental subsidies in Kayla Pace's name so that Ryan (and Kayla) could continue to reside there until he finished school in April of 2012. And, Loren did this even after Ryan and Kayla were married in Loren's backyard in June of 2011. Ryan, an individual prohibited from benefitting from the Section 8 Program because his mother was the Commission's executive director, resided at the Bay City apartment continuously for over four years and had his rent paid in the amount of \$24,600 over the years, with the federal funds Loren stole from the Commission's Section 8 Program.

Loren's financial support of Ryan on the Commission's dime did not end there. After Ryan and Kayla moved to Florida so that Ryan could attend a school for chiropractic medicine in May of 2012, Loren made sure the Commission's funds followed them. To facilitate the payment of Ryan's rent at his residence in Florida, Loren enlisted her father, Gary Stocks, Sr. to serve as a nominee. Loren

falsely represented in HAP contracts that Stocks, Sr. owned Ryan's former Bay City residence and two other locations, one on 8th Street in Marysville, Michigan and another on Vine Street, in St. Clair, Michigan, all unbeknownst to the true owners. In addition to falsely representing her father as the owner of these rental units, Loren also attempted to cover her tracks by putting the HAP contracts for the purported lease agreements of the 8th Street and Vine Street locations in the names of former Section 8 tenants who had once resided at those locations, but had since moved out.

On May 2, 2012, both Ryan and Kayla submitted separate applications to rent a residence on Shangri La Drive in Daytona Beach, Florida for \$995.00 per month. Ryan's former residence at the Bay City apartment is evidenced by the applications. Both Ryan and Kayla listed the Bay City Apartment as their former address. They scheduled move-in for May 15, 2012. They would have most of the money to move into Shangri La because by May 9, 2012, Loren had already issued the first Section 8 Program rental subsidy check for \$700.00 to Stocks, Sr. With that check, Ryan and Stocks, Sr. opened a joint bank account at Fifth Third Bank on May 11, 2012, which listed Ryan's new address in Florida as the address for the owners of the bank account, including Stocks, Sr., even though Stocks, Sr. resided in Kimball, Michigan.



Each month following the opening of that account, from May 2012 through August 2016, Loren issued Section 8 Program rental subsidy payments to Stocks, Sr. for the properties Loren falsely represented that Stocks, Sr. owned. Stocks, Sr., in turn, deposited every single check issued to him into the joint bank account with Ryan. Ryan would then use all the federal funds deposited by his grandfather for the sole benefit of himself, his wife Kayla and eventually, their minor child, including paying for rent at Ryan's and Kayla's residences in Florida, and later in Lakeland, Georgia.

In order to better provide for Ryan and his family, Loren would also increase the amounts of the rental subsidies for the multiple addresses she falsely represented her father owned. Between 2013 and December 2015, she increased the monthly amount of the subsidy to Stocks, Sr. to \$1,153.00. In January 2016, she raised it to \$1,903.00. Loren pilfered an additional \$59,161.00 in Section 8 Program funds to support Ryan and Kayla while they were living in Florida and later in Georgia. In total, Loren stole \$83,761.00 from the Commission's Section 8 Program funds to pay for Ryan's tenancies from August of 2008 through August of 2016.

Loren would later decide to use her skills of manipulation and knowledge of the Section 8 Program to directly benefit herself. When she found it difficult to sell a five unit rental property that she owned in Port Austin, Michigan with her

husband, Brian Loren, in 2014, she devised yet another scheme to steal from the needy to personally enrich herself. Loren would fraudulently assign Section 8 status to several of the units in her Port Austin property to make it more marketable for potential buyers because of the guaranteed income provided through the Section 8 Program.

In furtherance of this scheme, Loren's son-in-law, Jaime Johnson would serve as the nominee on the Port Austin property. Loren directed the tenants to mail their portions of the rental payments to Johnson in Florida, where he lived with his wife and Loren's daughter. Loren would issue the rental subsidy payments to Johnson, who would then deposit them into a bank account that Johnson and Brian established so that Loren and Brian would have access to the funds once the checks were negotiated. Johnson enjoyed a share of the proceeds, too. After depositing the rental payments, both Johnson and Brian would make transfers of federal funds from the account they co-owned into other bank accounts that they shared with their respective wives. Loren and Brian would use the Section 8 Program funds that Johnson deposited to pay loans on their personal vehicles and to pay mortgages on other real property that they owned.

Between August 2014 and August of 2016, Loren issued Section 8 Program rental subsidy payments totaling \$73, 266.000 for property she personally owned, in blatant violation of the rules of which Loren was abundantly aware. Loren's

correspondence to her realtor in an email on June 9, 2014 underscores her knowledge of the rules, in which she stated, in part: “I just wanted to touch base with you in regards to the Section 8 Housing Choice Program. I can issue a voucher to each of the three tenants that are currently living at our complex . . . I am able to do only if a new owner purchases our property. I administer the Section 8 rent subsidy program, (sic) I cannot utilize the vouchers because we currently own the property.”

A little over one month later, Loren advised her realtor that she had, in fact, converted four tenants’ leases to Section 8 rentals, despite the fact that Loren and Brian still owned the property. A couple of years later, once the scheme had been detected, Loren and Brian attempted to cover up their wrongdoing by quit claim deeding the Port Austin property to Johnson. They did this approximately three days after agents confronted Loren in late July of 2016. Loren’s realtor, who had been attempting to sell the property since 2014, would not become aware of Jaime Johnson’s purported ownership until then. She had only known Loren and Brian to be the owners of the Port Austin property.

This family’s venture of defrauding the Section 8 Program also included Loren’s brother. From October 2014 through April 2015, Loren issued Section 8 Program rental payments to her brother, Gary Stocks, Jr. for the rental of a room within Stocks, Jr.’s home, violating not only HUD’s conflict of interest, but also

HUD's strict prohibition against Section 8 Program tenants and landlords residing in the same household. Loren gave her brother \$4,900 in federal funds, of which he kicked back a portion to the Section 8 Program recipient who was Stock, Jr.'s widow's sister with whom he had taken up relations.

In total, through all the various devices Loren used to personally enrich herself and her family, Loren along with her family members stole, converted to their own use and intentionally misapplied \$161, 927.00 in Section 8 Program funds.

## **2. Credit Card Fraud**

In addition to raiding the Commission's Section 8 Program funds, Loren basically used the Commission's two credit cards as her own. Between January of 2010 and August of 2016, Loren purchased personal items for herself and family members from Amazon.com, Walmart and Sam's Club. Loren flagrantly purchased, among other things, a complete bedroom set, infant clothing, alcoholic beverages, groceries, appliances, and other inappropriate personal items, some of which she then shipped to her children residing in Florida and Georgia. She would conceal her purchases from the Commission's Board, by not itemizing the purchases when she sought approval for payment of the credit card balances. By August of 2016, Loren had fraudulently charged approximately \$165, 813. 62 on the Commission's credit cards. She used the Commission's operating budget

funds, specifically earmarked to maintain and repair Palmer Park Manor, to pay the charges incurred from her fraudulent purchases, while Palmer Park Manor remained inadequately maintained and in disrepair.

### **3. Petty Cash Fraud**

And if all of the fraud outlined above were not enough, from January 2012 until July 2016, Loren regularly lined her pockets with the Commission's petty cash. She would conceal the theft from the bookkeeper, who had requested to review supporting documentation for the petty cash expenditures, by submitting a photocopy of a stack of illegible receipts, which were hidden under a single Petty Cash Receipt that Loren claimed represented the total amount of petty cash checks that Loren issued to herself on a monthly basis. For over four years, Loren stole petty cash funds totaling approximately \$8,500.00.

### **B. The Seriousness of Loren's Crimes, Just Punishment, and Respect for the Law (18 U. S. C. § 3553(a)(2)(A))**

Loren's crime is particularly serious because it adversely impacted poor, disabled and elderly citizens and deprived them of the assistance they required. Her blatant violation of the rules, brazen conduct and calculation suggests a complete disregard for the very mission of the Section 8 Program. Had she faithfully carried out her duties, Loren would have helped "sharply reduce homelessness and other hardships," as Section 8 Program "vouchers lift more than a million people out of poverty, and give families an opportunity to move in safer, less-poor

neighborhoods. These effects, in turn are closely linked to educational, developmental, and health benefits that can improve children's long-term prospects and reduce costs in other programs.”

<https://www.cbpp.org/research/housing/policy-basics-the-housing-choice-voucher-program>. In fact, the majority of the Section 8 Program housing vouchers, thirty-six percent, help adults with children. *Id.*

Loren breached her duties in order to personally enrich herself and her family to the detriment of this vulnerable sector of our society. The disregard, greed and unscrupulous manner in which Loren exploited nearly every resource provided to the Commission to assist those less fortunate and improve their quality of life is unacceptable and should be accounted for in her sentence. Not once during this period did she provide housing for eligible candidates on the waiting list, nor did she ever open the list for eligible candidates to apply. Instead, over the course of many years, she deliberately chose to exhaust her energy devising schemes to reduce the proceeds of the Section 8 Program for her own personal gain and further concealing her fraudulent acts.

Loren repeatedly falsified records, created bogus documents, forged documents, deceived those who trusted her, and engaged in other significant planning to circumvent HUD rules and regulations. Loren's fraudulent acts are especially egregious considering her position as executive director at the

Commission and the reprehensible collusion with which she engaged nearly every member of her immediate family to carry out this crime. Her actions at the expense of the poor and disadvantaged warrants significant punishment.

**C. Detering the Criminal Conduct of Others**  
**(18 U.S.C. § 3553(a)(2)(B))**

As noted above, the victims of Loren's crimes are some of our most vulnerable. Many were left without the housing assistance they needed because Loren elected to advance the personal goals and interests of her son, and enrich and support herself and her family with federal funds instead. This Court should send a strong message that exploitation of the poor through the ruthlessly stealing of funds intended to assist them will be met with swift and sure punishment. A reasonably significant sentence is warranted to deter others from committing this crime.

**D. Protecting the Public from Further Crimes by Loren**  
**(18 U.S.C. § 3553(A)(2)(C))**

Further crimes by Loren are unlikely. Loren is 56 years old. She has accepted responsibility and shown remorse for her criminal conduct. Given this conviction, it is also unlikely that Loren would be allowed to serve in a fiduciary capacity so as to allow her to commit additional crimes like those here in the future.

#### IV. CONCLUSION

Motivated by opportunity, greed and personal gain for herself and her family, Loren committed serious criminal conduct over the course of many years. Given the various and repeated instances of fraud in this matter, Loren's position of trust, the gravity of Loren's crime and its impact on the community, as well as the sentencing guidelines and the statutory factors set forth in Title 18 United States Code, Section 3553(a), a sentence of 35 months in prison is appropriate in this case. Such sentence would be sufficient but not greater than necessary to satisfy the purposes of sentencing as set forth in 18 U.S.C. § 3553(a).

Respectfully submitted,

MATTHEW SCHNEIDER  
United States Attorney

s/Dawn N. Ison  
Assistant United States Attorney  
211 W. Fort Street, Suite 2001  
Detroit, MI 48226-3211  
dawn.ison@usdoj.gov  
(313) 226-9567

Dated: January 19, 2018



**CERTIFICATE OF SERVICE**

I hereby certify that on January 19, 2018, I electronically filed the foregoing document with the Clerk of the Court using the ECF system, which will send notification of such filing to the following:

Leon J. Weiss  
Attorney for Defendant

s/Dawn N. Ison  
Assistant United States Attorney

Dated: January 19, 2018